

Date Mailed
June 27, 2002

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Administration of the Mechanisms of Price Regulation
Pertaining to Verizon North Incorporated on Its June 1,
2002, Anniversary Date

2180-TI-136

**NOTICE OF PROCEEDING, INVESTIGATION, ASSESSMENT OF COSTS
AND REQUEST FOR COMMENTS**

Comments Due: Friday, July 12, 2002– Noon	Address Comments To: David Albino, Administrator Telecommunications Division
FAX Due Date: Thursday, July 11, 2002 – Noon	Public Service Commission
Fax Number (608) 266-3957	P.O. Box 7854 Madison, WI 53707-7854

THIS IS A PROCEEDING to determine the amount that Verizon North Inc. (Verizon), may increase, or must decrease, its price regulated rates pursuant to Wis. Stat. § 196.196(1)(c) and Wis. Admin. Code § PSC 163.04(1).

Price regulation is an optional method of regulation whereby companies are allowed flexibility to change prices within specified limits, regardless of profits. Average prices for basic local exchange services are limited by a formula based on inflation, minus a productivity offset, plus or minus incentives and penalties based on performance relating to service quality and infrastructure investment. Services currently subject to this price regulation formula are basic local exchange service, and standard business access lines and usage by small businesses with no more than three access lines.

This proceeding will set new company-specific benchmarks for infrastructure investment, and make any other determinations, except those pertaining to service quality standards¹, necessary to administer the mechanisms of price regulation pertaining to Verizon's 2004 anniversary date. The mechanisms include the annual percentage change in the Gross Domestic Product Price Index (GDPPI), a productivity offset to the change in the GDPPI, an increase in the productivity offset for inadequate service or insufficient investment, and a decrease in the productivity offset to encourage infrastructure investment.

Pursuant to Wis. Adm. Code § PSC 163.04(1), on May 31, 2002, Verizon filed information with the Commission requesting a 0.90 percent increase in the price cap index and

¹ The issue of setting the service quality standards necessary to administer the mechanics of price regulation is part of docket 05-TI-629.

waiver of a penalty, for the Commission's use in determining the amount the utility may increase or must decrease its rates. Verizon anniversary date is June 1. Pursuant to Wis. Adm. Code § PSC 163.04(8)(a), the Commission shall issue an order no later than 60 days after the utility's anniversary date authorizing the amount the utility may increase its rates or mandating the amount it shall reduce them.

NOTICE IS GIVEN that the Commission considers it necessary, in order to carry out its duties, to investigate all books, accounts, practices, and activities of the applicant. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such an investigation will be assessed against and collected from the applicant in accordance with the provisions of Wis. Stat. § 196.85 and Wis. Admin. Code ch. PSC 5.

This is a Class 1 proceeding as defined in Wis. Stat. § 227.01(3)(a).

Any person desiring to become a party shall file a request pursuant to Wis. Stat. § 227.44(2m) and Wis. Admin. Code § PSC 2.32(3) no later than 14 days from the date of mailing of this notice. The request shall be addressed to Administrative Law Judge David C. Whitcomb, Public Service Commission of Wisconsin, P.O. Box 7854, Madison, WI 53707-7854.

Comments respecting the reasonableness of Verizon's filing, and requests for hearing must be received by **noon on Friday, July 12, 2002**. Parties submitting comments by fax must do so by **noon on Thursday, July 11, 2002**. Parties should file an **original and 20 copies** of their comments addressed as shown in the box above and must refer to docket 2180-TI-136. Fax filing cover sheets must state "Official Filing," the docket number, and the number of pages (limit 20 pages). File by one mode only. A copy of Verizon's filing can be obtained by contacting Paul Verhoeven at (608) 837-1771, or by e-mail addressed to *paul.verhoeven@verizon.com*.

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person with a disability who needs accommodations to participate in this proceeding or who needs to obtain this document in a different format should contact the docket coordinator listed below.

Questions regarding this matter may be directed to docket coordinator Christopher Larson at (608) 267-9508.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission